

INCOMING TELEGRAM

Department of State

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611-9841/11-160

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Action

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PRIORITY

JOINT EMBASSY-USOM

DEPTEL 682.

GOI approves draft sales agreement and draft loan agreement

(instruction A-41) as amended reference telegram. Embassy

requests authorization sign sales agreement at 10:00 a.m.

Saturday, November 5, 1960. GOI expected release announce-

ment immediately after signature. GOI will instruct their

Embassy sign loan agreement in Washington at 10:00 a.m. on

Saturday November 5, 1960.

RMR

In draft loan agreement, enclosure 5 of instruction A-41, in first preamble after words "Article II" change "paragraph 3" to "paragraph 2," per reference telegram. GOI suggests rupiah 337,500,000 amount inserted in loan agreement based on \$6.0 million at rate rupiah 56.25 per dollar, percentage be 38 and date be November 5, 1960. GOI agrees to repayment within 35 years. In section 1 of draft loan agreement GOI agrees insertion "November 5, 1963" as terminal date. Though reply ENSTEL 1261 not yet received query if weighted average formula proposed reference telegram to cover March 22, 1960 loan agreement could not also apply loan agreement to be signed November 5 and 1 letter apply both loan agreements. Embassy requests guidance on letter and authorization exchange with GOI November 5. In reference telegram no changes authorized paragraph 3. Embassy is changing amount of grant from \$5.2 million to \$6.0 million.

JONES

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Authority NND 949570
By GP NARA Date 8/4/00

OUTGOING TELEGRAM Department of State

INDICATE: COLLECT
 CHARGE TO

CONFIDENTIAL

Classification

Origin
Info:

SENT TO: Amembassy DJAKARTA - PRIORITY

Embtels 1261, 1296

704 11-10
611.9841

1960 NOV 2 PM 8 15
11.9841/1

001050

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on November 5
You authorized sign sales agreement in accordance A-41 and Deptel 682.

CONFIDENTIAL Confirm signing priority. Authorization sign sales agreement contingent on acceptance by GOI of loan agreement and authorization Ambassador sign. Due operational procedures, loan agreement must be signed subsequent to sales agreement and arrangements will be made with GOI Embassy Washington.

Reftel 1261. No change necessary in texts of loan or sales agreement to cover possible future exchange rate change. Loan agreement sets forth sums as QUOTE amount estimated at END QUOTE which is tied to a specified percentage of the proceeds of the sales agreement. If differing deposit rates are used the rupiah equivalent of the dollar amount specified for loan is obtained by applying the weighted average formula. Foregoing also applies to March 22, 1960 loan agreement and no amendment necessary. You may

EM/R letter to cover both March 22 and forthcoming loan agreements. Text should be based on contents para 6 Deptel 682.

Rev. Re para 3 Embtel 1261 we agree GOI proposal change deposit rate note if they continue feel this necessary. However revision should be phrased as follows: After word QTE or END QTE replace phrase QTE the exchange system of Indonesia END QTE with QTE in the exchange system of Indonesia, including a change in the price component system, END QTE.

Drafted by: FAS:RPhillips
CSD:GFHazard:ne: 11/2/60
Clearances: CSD:Mr. Gabbert
OR:HPBramble
SPA:EThrasher
BB:EFox

Telegraphic transmission and

classification approved by:

E - Edwin M. Martin

NOV 2

GU:INelson(information) 6
Interagency Staff Committee
G/E:RB11d REPRODUCTION FROM THIS
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INCOMING TELEGRAM

Department of State

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Classification

Control: 2923

Rec'd: November 5, 1960
2:30 a.m.

Action

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Info FROM: Djakarta

SS

TO: Secretary of State

L

H NO: 1326, November 5, 11 a.m.

FE

UMSC

UIGC

PRIORITY

ICA

DLF

Department telegram 704.

CU

INR

Agreement signed 10 o'clock November 5. GOI has accepted
CIA loan agreement and instructed Charge to sign. Letter
NSA based contents paragraph 6 Department telegram 682 given
OSD Foreign Aid Chief, Department Foreign Affairs.

AGR

BOB

COM

CEA

FRB

TRS Y

DCTL

10:45 AM Nov. 5

RMR

Being unable to reach George Hazard on the
'phone, I called Howard Gabbert, CSD, and told
him of this message. He said Mr. Arthur Mead of
Agriculture should be informed immediately. He gave
me Mead's number as JU 7-6782. I informed Mead at
10:54 AM Nov. 5.

F.T. Murphy
E duty officer

611-9841/11-560

DEPARTMENT OF
STATE

JAN 11 1961
FBI
RECEIVED
FBI - WASH. D. C.

LLR
CLASSIFIED

MESSAGE CENTER
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IN NOV 14 1960
OUT NOV 14 1960

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Authority NND 949570
By NARA Date 8/4/00

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RM/R

REGISTERED

CONFIDENTIAL

November 8, 1960

Dear Mr. Miller:

61.9841/

In previous letters, the Department of State has set forth the view that, in a Public Law 480 Title I sales agreement, it is discretionary whether provision shall, or shall not, be made for any particular foreign currency use specified in Section 104 of the Act, as amended.

The Department also recognizes the intent of Congress as expressed in the Conference Report of 1957 discussing the Cooley Amendment of Section 104(e), namely, that twenty-five per cent of the sales proceeds should be reserved for lending to private enterprise under that amendment unless there are compelling reasons for reserving a lesser amount.

With regard to the proposed new Title I agreement with Indonesia, the Department believes that there are compelling foreign policy reasons why it will not be feasible to reserve twenty-five per cent of the sales proceeds for loans to private enterprise under Section 104(e). It has been the policy of the United States to support the development of non-Communist governments in Asia. In the case of Indonesia, the present non-Communist government has maintained a delicate balance in the face of strong pressures from a well-organized, well-financed and well-led domestic Communist party, which has been backed by the influence and support of the Sino-Soviet bloc. As you know, the Indonesian Government has been somewhat sensitive in the past with regard to the type and form of United States assistance.

Within recent months, however, the United States has been offered its first opportunity to participate with the Government of Indonesia in a broad, popular-impact program of rural development. It is important to United States foreign policy that we join with the

Indonesian

The Honorable
Clarence L. Miller,
Assistant Secretary of Agriculture.

RM/R
Anal. 11
Rev.
Gen. HHH

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61.9841/11-860
CS/HHH

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61.9841/11-860
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By GP NARA Date 8/4/00

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- 2 -

Indonesian Government in this program. Our participation will clearly demonstrate continued United States interest in, and support for, Indonesian development during the current period of severe internal economic and political disruption in that country. It will not only enhance United States relations with the Indonesian leadership, but will help to strengthen our ties with the broad masses of rural Indonesians who will benefit from such a "grass roots" program. Finally, it will present an opportunity to display Indonesian-United States cooperation in those areas of the country where the domestic Communist party has made its heaviest impact. In order for the United States to participate fully in this program, it is important that we maximize the "country use" portion of the sales proceeds in this forthcoming Title I agreement.

The Department of State therefore proposes that, in this agreement (estimated at a value of approximately \$16 million), the proportion of sales proceeds reserved for Cooley Amendment purposes be reduced to five per cent. This will provide the Export-Import Bank with \$800,000 in rupiahs, which, together with the \$12.8 million set aside for this purpose in the agreement of May 29, 1959, will provide \$13.6 million equivalent available for loans to private enterprise under Section 104(a). The Department of State understands that at the present time there is no demonstrated demand for greater amounts. Should such demands develop, however, it would be possible to provide additional funds from the proceeds generated by any supplement to this agreement or by any possible future agreements.

I would appreciate your conveying this information to the Interdepartmental Staff Committee on Surplus Disposal.

Sincerely yours,

Edwin M. Martin
Assistant Secretary

Clearances:

SPA - Mr. Thrasher (dug) (w/)
CSD - Mr. Hazard (dug) (w/)

OFD/ED: WCSchmeisser:es
10/27/60

2 S/S-CR
NOV 4 1960 PM

NOV 8 1960 P.M.

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By GD NARA Date 8/4/00

OUTGOING TELEGRAM Department of State

INDICATE: COLLECT
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Classification

323
657
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Origin
Info:

SENT TO: Amembassy RANGOON
" BANGKOK
" SAIGON

1960 NOV 9 PM 6 45
04198

This Document must be Returned
to the FIMR Central Elec.

Deptel sent Rangoon 131, Bangkok 216, Saigon 287.
Rice agreements Indonesia-Pakistan signed November 5 and September
23 respectively. Pouching texts.

Heiter

HERTER

(Pete)

611.9841/11-960

6 11.9841
CLASSIFIED FILE LWS

Drafted by: *John* 11/9/60 1:12:00
FEBSEA/Eisenhauer 11/9/60

Telegraphic transmission and
classification approved by:

SPD - Robert G. Cleveland

Clearances:

CSD - Mr. Hazar (in substance)
SOA - Mr. Wile (in substance)

SPA - Mr. Dasher (in substance)
AGB - Mr. E. (in substance)

S/S - CR

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NOV 9 - 1960 P.M. Classification

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Authority *ND 949570*
By *GP* NARA Date *8/4/00*

OUTGOING TELEGRAM Department of State

INDICATE: COLLECT
 CHARGE TO
AGRIC
1212900 Sec. 32 MD

UNCLASSIFIED
Classification

SENT TO: Amembassy DJAKARTA 736

Origin

Info:

WINBERG FROM AGRICULTURE

Title I Agreement Nov 5. Advise names of processing countries
to be included in cotton PA. Arrange GOI to instruct Emb/W to accept
PAs cotton and tobacco.

1960 NOV 9 AM 10 06

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to the RMR Central Files

611-9841/11-960

611-9841/11-960
LMS

Dealt by:
HWDoerr FAS Nov. 8, 1960

Telegraphic transmission and
classification approved by:

DC/T OPR/DCT EK Newton
AGRIC:RMR Roberts

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By GP NARA Date 8/4/00



THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

PM/R-
File
(initials)

American Embassy,
Djakarta, Indonesia,
November 14, 1960.

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OFFICIAL-INFORMAL

Dear Sir:

As instructed in Foreign Service Manual, Volume IV, Section 326.1, there is forwarded to the Department the original November 5, 1960, PL-480 Agreement between the Government of the United States and the Government of Indonesia. Also enclosed are certified copies of the Embassy's notes No's. 278 and 279 and the original confirmations, No's. 1335/60/06 and 1334/60/06, from the Government of Indonesia.

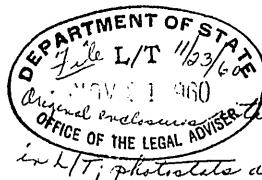
Sincerely yours,

Jack W. Lydman
Jack W. Lydman
Acting Deputy Chief of Mission

2
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Assistant Legal Adviser for Treaty Affairs,
Department of State,
Washington 25, D. C.

611.9841/11-1460 CS/CS 611.9841/11-1460



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Authority *NND 949570*
By *GP* NARA Date *8/4/00*

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AGRICULTURAL COMMODITIES AGREEMENT
BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND
THE GOVERNMENT OF THE REPUBLIC OF INDONESIA
UNDER TITLE I
OF THE AGRICULTURAL TRADE DEVELOPMENT AND
ASSISTANCE ACT OF 1954, AS AMENDED

The Government of the United States of America and the Government of the Republic of Indonesia:

Recognizing the desirability of expanding trade in agricultural commodities between their two countries and with other friendly nations in a manner which would not displace usual marketings of the United States in these commodities or unduly disrupt world prices of agricultural commodities or normal patterns of commercial trade with friendly countries;

Considering that the purchase for rupiah of agricultural commodities produced in the United States will assist in achieving such an expansion of trade;

Considering that the rupiah accruing from such purchases will be utilized in a manner beneficial to both countries;

Desiring to set forth the understandings which will govern the sales of agricultural commodities to Indonesia pursuant to Title I of the Agricultural Trade Development and Assistance Act of 1954, as amended (hereinafter referred to as the Act), and the measures which the two Governments will take individually and collectively in furthering the expansion of trade in such commodities;

Have agreed as follows:

ARTICLE I
SALES FOR RUPIAH

Subject to the issuance by the Government of the United States of America and acceptance by the Government of the Republic of Indonesia of purchase authorizations, the Government of the United States of America undertakes to finance the sale for rupiah to purchasers authorized by the Government of the Republic of Indonesia of the following agricultural commodities determined to be surplus pursuant to Title I of the Act, in the amounts indicated except that application for purchase authorizations for any additional commodities or amounts of commodities provided for in any amendment to this agreement will be made within 90 days or 180 days for third country cotton processing authorizations after the effective date of such amendment:

<u>Commodity</u>	<u>Value</u> (million)
Rice	\$ 8.7
Cotton	3.4
Tobacco	2.5
Ocean Transportation	1.4
Total	\$16.0

Applications for purchase authorizations will be made within 90 calendar days or 180 days for third country cotton processing authorizations after the

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By CD NARA Date 8/4/00

effective date of this Agreement. Purchase authorizations will include provisions relating to the sale and delivery of commodities, the time and circumstances of deposit of the rupiah accruing from such sale, and other relevant matters.

ARTICLE II
USES OF RUPIAH

The two Governments agree that the rupiah accruing to the Government of the United States of America as a consequence of the sales made pursuant to this agreement will be used by the Government of the United States of America, in such manner and order of priority as the Government of the United States of America shall determine, for the following purposes in the amounts shown:

1. For loans to be made by the Export-Import Bank of Washington under Section 104(e) of the Act and for administrative expenses of the Export-Import Bank of Washington in Indonesia incident thereto the rupiah equivalent of \$800,000, but not more than 5 percent of the currencies received under the agreement.
2. For a loan to the Government of Indonesia to promote the economic development of Indonesia under Section 104(g) of the Act, the rupiah equivalent of \$6,000,000, for financing such projects to promote economic development, including projects not heretofore included in plans of the Government of Indonesia as may be mutually agreed. The terms and conditions of the loan will be included in a separate agreement between the two Governments.
3. For a grant to the Government of Indonesia under Section 104(e) of the Act, the rupiah equivalent of not more than \$6,000,000 for financing such projects to promote balanced economic development as may from time to time be mutually agreed.
4. For United States expenditures under sub-section (a), (b), (f), (h), (i), (j), (k), (l), (m), (n), (o), (p), (q), and (r) of Section 104 of the Act, or under any of such subsections and for other mutually agreed uses under Section 104 of the Act, the Indonesian rupiah equivalent of \$3,200,000.

In the event that agreement on the use of rupiah set aside for loans and grants to the Government of Indonesia is not reached within three years from the date of this Agreement, the Government of the United States of America may use the Rupiah for any purposes authorized by Section 104 of the Act, excluding Section 104(o).

To the extent that the total accruing to the Government of the United States of America as a consequence of sales made pursuant to this Agreement is less than the equivalent of \$16,000,000, the amount available for 104(g) loans and 104(e) grants to the Government of Indonesia will be reduced by an equivalent amount and proportionately between 104(g) loans and 104(e) grants; to the extent that the total exceeds the rupiah equivalent of \$16,000,000, 20 percent of the excess will be available for the use of the Government of the United States of America, 75 percent for loans and grants to the Government of Indonesia under Sections 104(e) and 104(g), and 5 percent for loans under Section 104(e).

ARTICLE III
DEPOSIT OF RUPIAH

The deposit of rupiah to the account of the Government of the United States of America in payment for the commodities and for ocean transportation costs financed by the Government of the United States of America (except excess costs resulting from the requirement that the United States flag vessels be used)

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Authority ND 949570
By GP NARA Date 8/4/00

shall be made at the rate of exchange for United States dollars generally applicable to import transactions (excluding imports granted a preferential rate) in effect on the dates of dollar disbursement by United States banks, or by the Government of the United States of America, as provided in the purchase authorizations.

ARTICLE IV
GENERAL UNDERTAKINGS

The Government of Indonesia agrees that it will take all possible measures to prevent the resale or transshipment to other countries, or the use for other than domestic purposes (except where such resale, transshipment or use is specifically approved by the Government of the United States of America), of the surplus agricultural commodities purchased pursuant to the provisions of this Agreement, and to assure that the purchase of such commodities does not result in increased availability for export from Indonesia of these or like commodities.

The two Governments agree that they will take reasonable precautions to assure that sales or purchases of surplus agricultural commodities pursuant to the Agreement will not unduly disrupt world prices of agricultural commodities, displace usual marketings of the United States of America in these commodities, or disrupt normal patterns of commercial trade with friendly countries.

In carrying out this Agreement, the two Governments will seek to assure conditions of commerce permitting private traders to function effectively and will use their best endeavors to develop and expand continuous market demand for agricultural commodities.

The Government of Indonesia agrees to furnish upon request of the Government of the United States of America, information on the progress of the program, particularly with respect to arrival and condition of commodities and information relating to exports of the same or like commodities.

ARTICLE V
CONSULTATION

The two Governments will, upon the request of either of them, consult regarding any matters relating to the application of this Agreement or to the operation of arrangements carried out pursuant to this Agreement.

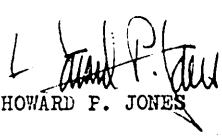
ARTICLE VI
ENTRY INTO FORCE

The agreement shall enter into force upon signature.

IN WITNESS WHEREOF, the respective representatives, duly authorized for the purpose, have signed the present Agreement.

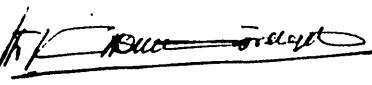
DONE at Djakarta this fifth day of November 1960.

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA:


HOWARD F. JONES

Ambassador Extraordinary and Plenipotentiary

FOR THE GOVERNMENT OF
INDONESIA:


R. SUMITO KUSUMOWIDAGDO

Secretary General
Department of Foreign Affairs

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Authority ND 949570
By GP NARA Date 8/4/00

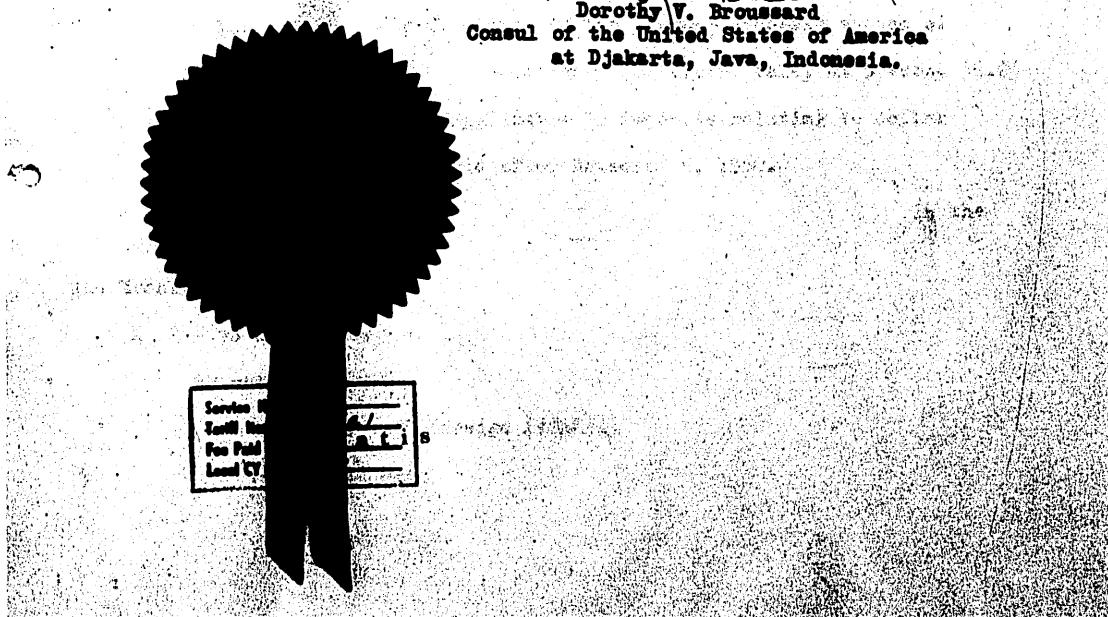
THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

REPUBLIC OF INDONESIA
ISLAND OF JAVA
CITY OF DJAKARTA
EMBASSY OF THE UNITED STATES
OF AMERICA } } SS:

I, Dorothy V. Broussard, Consul of the United States of America at Djakarta, Java, Indonesia, duly commissioned and qualified, do hereby certify that the annexed copy of note No. 278 dated November 5, 1960, from the Ambassador of the United States of America to the Secretary General of the Department of Foreign Affairs of the Republic of Indonesia, is a true and correct copy of the original, the same having been carefully examined by me and found to agree word for word and figure for figure with the said original.

IN WITNESS WHEREOF I have hereunto set my hand and caused the seal of the Embassy of the United States of America at Djakarta, Java, Indonesia, to be affixed this tenth day of November, 1960.

Dorothy V. Broussard
Dorothy V. Broussard
Consul of the United States of America
at Djakarta, Java, Indonesia.



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DECLASSIFIED
Authority MND 949570
By GP NARA Date 8/4/00

Djakarta, November 5, 1960

No. 278

Excellency:

I have the honor to refer to the Agricultural Commodity Agreement signed on May 29, 1959, as amended, between the Government of the United States of America and the Republic of Indonesia and to the notes exchanged on the same date between our Governments concerning the deposit of rupiah against dollar disbursements by United States banks or by the United States Government under Article III of the Agreement.

I wish to confirm my Government's understanding of the subsequent agreement reached in recent conversations between representatives of our Governments concerning the rate of exchange applicable to the deposit of rupiah referred to in Article III. This understanding is as follows:

1. The Category I rate of 37.848 rupiah per dollar is applicable to deposits relating to dollar disbursements made between May 29, 1959, and August 24, 1959.
2. The Category I rate of 45 rupiah per dollar is applicable to deposits relating to dollar disbursements made between August 25, 1959, and November 4, 1960.
3. As long as there is no change in the present exchange system of Indonesia, the Class A, Subcategory II, import rate, at present 56.25 rupiah per dollar, is applicable to deposits relating to dollar disbursements made on and after November 5, 1960.

In the

His Excellency

R. Suwito Kusumowidagdo,

Secretary General,

Department of Foreign Affairs,

Djakarta.

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By GP NARA Date 8/4/00

- 2 -

In the event of a change in exchange rates or in the exchange system of Indonesia, including a change in the price component system before the dollar disbursements referred to in Article III are completed, a new exchange rate for deposits under Article III, to be applicable from the date of such change, will be determined by mutual agreement.

I shall appreciate receiving Your Excellency's confirmation of the above understanding.

Accept, Excellency, the renewed assurances of my highest consideration.

Howard P. Jones

Howard P. Jones
Ambassador Extraordinary
and Plenipotentiary

0 0 4 8 2

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Authority ND 949570
By GP NARA Date 8/4/00

Djakarta, November 5, 1960.-

No.: 1335/60/06

Excellency,

I have the honour to acknowledge receipt of your Excellency's Note No. 278 dated November 5, 1960, which reads as follows:

"I have the honor to refer to the Agricultural Commodities Agreement signed on May 29, 1959, as amended, between the Government of the United States of America and the Republic of Indonesia and to the notes exchanged on the same date between our Governments concerning the deposit of rupiah against dollar disbursements by United States banks or by the United States Government under Article III of the Agreement.

"I wish to confirm my Government's understanding of the subsequent agreement reached in recent conversations between representatives of our Governments concerning the rate of exchange applicable to the deposit of rupiah referred to in Article III. This understanding is as follows:

- "1. The Category I rate of 37.848 rupiah per dollar is applicable to deposits relating to dollar disbursements made between May 29, 1959, and August 24, 1959.
- "2. The Category I rate of 45 rupiah per dollar is applicable to deposits relating to dollar disbursements made between August 25, 1959, and November 4, 1960.

"3. As

His Excellency

Howard P. Jones,

Ambassador Extraordinary and Plenipotentiary of the
United States of America,

Djakarta.-

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Authority MID 949570
By GP NARA Date 8/4/00

"3. As long as there is no change in the present exchange system of Indonesia, the Class A, Subcategory II, import rate, at present 56.25 rupiah per dollar, is applicable to deposits relating to dollar disbursements made on and after November 5, 1960.

"In the event of a change in exchange rates or in the exchange system of Indonesia, including a change in the price component system before the dollar disbursements referred to in Article III are completed, a new exchange rate for deposits under Article III, to be applicable from the date of such change, will be determined by mutual agreement.

"I shall appreciate receiving Your Excellency's confirmation of the above understanding.

"Accept, Excellency, the renewed assurances of my highest consideration."

I have the honour to confirm that the above understanding is correct.

Accept, Excellency, the assurances of my highest consideration.-



R. Suwito Kusumowidagdo
Secretary General
Department of Foreign Affairs

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Authority ND 949570
By GP NARA Date 8/4/00

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

REPUBLIC OF INDONESIA
ISLAND OF JAVA
CITY OF DJAKARTA
EMBASSY OF THE UNITED STATES
OF AMERICA.

SS:

I, Dorothy V. Broussard, Consul of the United States of America at Djakarta, Indonesia, duly commissioned and qualified, do hereby certify that the annexed copy of note No.279 dated November 5, 1960, from the Ambassador of the United States of America to the Secretary General of the Department of Foreign Affairs of the Republic of Indonesia, is a true and correct copy of the original, the same having been carefully examined by me and found to agree word for word and figure for figure with the said original.

IN WITNESS WHEREOF I have hereunto set my hand and caused the seal of the Embassy of the United States of America at Djakarta, Java, Indonesia, to be affixed this tenth day of November, 1960.

Dorothy V. Broussard
Dorothy V. Broussard
Consul of the United States of America
at Djakarta, Java, Indonesia.



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DECLASSIFIED
Authority UND 949570
By GP NARA Date 8/4/00

Djakarta, November 5, 1960

No. 279

Excellency:

I have the honor to refer to the Agricultural Commodities Agreement signed today between the Government of the United States of America and the Government of the Republic of Indonesia under Title I of the Agricultural Trade Development and Assistance Act, as amended, (hereinafter referred to as the Act) and to confirm the following supplementary understanding:

1. In order that the delivery of rice under the Agreement cited above should not unduly disrupt world prices of agricultural commodities, or impair trade relations among friendly nations, the Government of Indonesia shall import during United States calendar year 1960 with its own foreign exchange resources 800,000 metric tons of rice from exporting countries friendly to the United States. This quantity shall be purchased in addition to those quantities to be obtained pursuant to the Agreement cited above.

2. With respect to paragraph 4 of Article II, the Government of the Republic of Indonesia will provide facilities for the conversion of up to the rupiah equivalent of \$320,000. into other currencies. This facility is needed for the purpose of securing funds to finance agricultural market development activities of the Government of the United States in other countries. In this connection, the Government of the United States of America may utilize rupiah to procure in Indonesia goods and services needed in connection with agricultural market development projects and activities in other countries, and to pay for international travel originating either in Indonesia or in the United States, including connecting travel. For purposes of Section 104(h) of the Act, the

Government

His Excellency

R. Suwito Kusumowidagdo,

Secretary General,

Department of Foreign Affairs,

Djakarta.

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By GP NARA Date 8/4/00

Government of Indonesia will provide, upon request of the Government of the United States of America, facilities for the conversion into other currencies of up to \$100,000 worth of rupiah for use in purchase of air transportation for Indonesian and American participants in the International Educational Exchange program during the next twelve months.

3. With respect to paragraph 1 of Article II, loans to be made under that portion of Section 104(e) of the Act will be in accordance with the provisions of the Indonesian Foreign Capital Investment Law of October 27, 1958 No. 78.

I shall appreciate Your Excellency's confirmation of the above understanding.

Accept, Excellency, the renewed assurances of my highest consideration.

Howard P. Jones

Howard P. Jones
Ambassador Extraordinary
and Plenipotentiary

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Authority MND 949570
By GP NARA Date 8/4/00

Djakarta, November 5, 1960.-

No.: 1334/60/06

Excellency,

I have the honour to acknowledge receipt of your Excellency's Note No. 279 dated November 5, 1960, which reads as follows:

"I have the honor to refer to the Agricultural Commodities Agreement signed today between the Government of the United States of America and the Government of the Republic of Indonesia under Title I of the Agricultural Trade Development and Assistance Act, as amended, (hereinafter referred to as the Act) and to confirm the following supplementary understanding:

"1. In order that the delivery of rice under the Agreement cited above should not unduly disrupt world prices of agricultural commodities, or impair trade relations among friendly nations, the Government of Indonesia shall import during United States calendar year 1960 with its own foreign exchange resources 800,000 metric tons of rice from exporting countries friendly to the United States. This quantity shall be purchased in addition to those quantities to be obtained pursuant to the Agreement cited above.

"2. With respect to paragraph 4 of Article II, the Government of the Republic of Indonesia will provide facilities for the conversion of up to the rupiah equivalent of \$320,000 into other currencies. This facility is needed for the purpose of securing funds to finance agricultural market development activities of the Government of the United States in other countries.

His Excellency

Howard P. Jones,

Ambassador Extraordinary and Plenipotentiary of the

United States of America,

Djakarta.-

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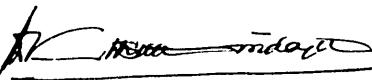
countries. In this connection, the Government of the United States of America may utilize rupiah to procure in Indonesia goods and services needed in connection with agricultural market development projects and activities in other countries, and to pay for international travel originating either in Indonesia or in the United States, including connecting travel. For purposes of Section 104(h) of the Act, the Government of Indonesia will provide, upon request of the Government of the United States of America, facilities for the conversion into other currencies of up to \$100,000 worth of rupiah for use in purchase of air transportation for Indonesian and American participants in the International Educational Exchange Program during the next twelve months.

"3. With respect to paragraph 1 of Article III, loans to be made under that portion of Section 104(e) of the Act will be in accordance with the provisions of the Indonesian Foreign Capital Investment Law of October 27, 1958 No. 78.

"I shall appreciate Your Excellency's confirmation of the above understanding.

"Accept, Excellency, the renewed assurances of my highest consideration."

I have the honour to confirm that the above understanding is correct.
Accept, Excellency, the assurances of my highest consideration.-


R. Suwito Kusumowidagdo
Secretary General
Department of Foreign Affairs

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TRSY

Ponsen, Department Foreign Affairs, asks status loan agreement
under November 5, 1960 sales agreement.

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JONES

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